

## Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-07 FRB-03  
INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02 OPIC-03 SP-02  
CIEP-01 LAB-04 SIL-01 OMB-01 PA-01 PRS-01 NSC-05  
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E.O. 11652: N/A  
TAGS: ECON, CA  
SUBJECT: BROADBENT PUSHES FOR PARLIAMENTARY REVIEW OF ANTI-  
INFLATION PROGRAM

REF: OTTAWA 0049

1. SUMMARY: NDP LEADER EDWARD BROADBENT TOLD PRESS CONFERENCE  
JANUARY 10 HIS PARTY INTENDS PETITION ALL MP'S FOR REVIEW  
BY PARLIAMENT OF GOC ANTI-INFLATION PROGRAM. UNDER ACT  
ESTABLISHING PROGRAM, MOTION SIGNED BY NOT LESS THAN 50 MP'S  
NEEDED FOR THREE-DAY DEBATE ON ENDING CONTROLS BEFORE  
DECEMBER 31, 1978. AS REPORTED IN PRESS, SPOKESMAN FOR PC  
LEADER JOSEPH CLARK'S OFFICE SAID PC WOULD JOIN NDP EFFORTS.  
BROADBENT DENIED TO REPORTERS HIS ACTIONS DESIGNED TO APPEASE  
RECENT CRITICISM OF NDP BY LABOR LEADER (SEE OTTAWA 049), BUT  
WERE IN KEEPING WITH NDP PUSH FOR CHANGE IN GOC ECONOMIC  
PRIORITIES FROM INFLATION FIGHT TO EASING UNEMPLOYMENT. END  
SUMMARY.

2. ON JANUARY 10 NDP LEADER BROADBENT HELD PRESS CONFERENCE  
TO ANNOUNCE HIS PARTY'S PLANS TO PETITION MP'S FOR  
PARLIAMENTARY REVIEW OF GOC ANTI-INFLATION PROGRAM.  
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(LEGISLATION PROVIDES FOR SUCH REVIEW IF, AT ANY TIME AFTER  
MARCH 31, 1977 AND BEFORE JULY 1, 1975, MOTION FOR CONSIDERATION  
TO END CONTROLS BEFORE DECEMBER 31, 1978, IS FILED WITH SPEAKER  
AND SIGNED BY NOT LESS THAN 50 MP'S. MOTION MUST BE ACTED  
UPON WITHIN 15 DAYS OF FILING AND BE DEBATED WITHOUT INTER-  
RUPTION FOR THREE DAYS).

3. PRESS REPORTED THAT SPOKESMAN FOR PC LEADER JOE CLARK'S OFFICE TOLD REPORTERS THAT PC'S ARE "ALL BUT CERTAIN" TO JOIN NDP EFFORTS FOR PARLIAMENTARY REVIEW OF CONTROLS. SINCE NDP HOLDS ONLY 16 SEATS, IT WOULD NEED PC ASSISTANCE FOR MOTION SUBMISSION.

4. BROADBENT DENIED REPORTER'S SUGGESTION THAT NDP WAS CALLING FOR REVIEW OF CONTROLS TO APPEASE DENNIS MCDERMOTT, UAW DIRECTOR, WHO RECENTLY CRITICIZED NDP. BROADBENT CLAIMED MCDERMOTT'S CRITICISM DIRECTED AGAINST NDP PROVINCIAL LEADERS IN SASKATCHEWAN AND MANITOBA, WHO SUPPORTED CONTROLS, WHEREAS FEDERAL NDP'S OPPOSED THEM FROM ONSET.

5. BROADBENT CLAIMED TIME HAD COME FOR GOC TO END ECONOMIC RESTRAINTS AND CHANGE ITS ECONOMIC PRIORITIES FROM INFLATION FIGHT TO STIMULATION OF ECONOMY IN ORDER EASE UNEMPLOYMENT.

6. COMMENT: UNDER ORIGINAL ANTI-INFLATION LEGISLATION, ONLY FEDERAL GOVERNMENT COULD INTRODUCE ORDER-IN-COUNCIL PROCLAMATION TO END CONTROLS BEFORE END OF 1978. HOWEVER, DURING COURSE OF DEBATE, LEGISLATION WAS AMENDED TO PROVIDE FOR MP-INITIATED REVIEW OF ANTI-INFLATION PROGRAM AFTER SEVERAL OPPOSITION MP'S CONTENDED PARLIAMENT SHOULD HAVE SOME SYSTEM OF REVIEW AFTER 18 MONTHS OF CONTROLS.

7. SOME COMMENTATORS ON BROADBENT'S ACTIONS HAVE POINTED OUT LIBERAL GOVERNMENT, WITH SOLID MAJORITY IN PARLIAMENT, SHOULD HAVE LITTLE DIFFICULTY IN DEFEATING MOTION TO END CONTROLS BEFORE END OF 1978. HOWEVER, EMBASSY BELIEVES FEDERAL GOVERNMENT ITSELF MAY WISH MAKE SOME CHANGES IN PROGRAM DURING 1977 AND LIMITED OFFICIAL USE

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COULD USE PARLIAMENTARY REVIEW PROCESS TO LOOSEN CERTAIN ASPECTS OF CONTROLS (ITC YEAR-END REVIEW AND OUTLOOK FOR 1977, AS REPORTED IN OTTAWA 061, GAVE INDICATION THAT GOC IS WORRIED ABOUT LOW PROFITS OF CANADIAN CORPORATIONS ADVERSELY AFFECTING THEIR CAPITAL INVESTMENT DECISIONS.). THUS, GOC COULD RELAX PROFIT GUIDELINES AND/OR ANNOUNCE SOME ECONOMIC STIMULATION MEASURES "IN RESPONSE" TO PARLIAMENTARY DISCUSSION OF RESTRAINT PROGRAM.

8. RECENT FORECASTS ON CANADIAN ECONOMY IN 1977 BY CONFERENCE BOARD, CHARTERED BANKS AND OTHER ANALYSTS HAVE BEEN SOMEWHAT GLOOMY WITH MOST PREDICTING SLOWER REAL GROWTH THIS YEAR THAN IN 1976 UNLESS GOC STIMULATES ECONOMY. NOTHING FINMIN MACDONALD HAS SAID PUBLICLY IN PAST FEW WEEKS, HOWEVER, SUGGESTS THAT GOC IS CONSIDERING STRONG MEASURES TO REVITALIZE ECONOMY. RATHER, MACDONALD HAS DWELT ON GOC NEED TO CONTINUE INFLATION FIGHT BUT POSSIBLY INTRODUCE SOME MILDLY STIMULATIVE MEASURES IN SPRING BUDGET. SHOULD UNEMPLOYMENT RATE RISE ABOVE 8 PERCENT (IN DECEMBER RATE WAS 7.5 PERCENT), INDEX OF PRODUCTION CONTINUE TO

FALL AS HAS HAPPENED OVER PAST FEW MONTHS, MERCHANDISE TRADE  
DEFICIT GROW, AND CAPITAL INVESTMENT REMAIN STAGNANT,  
MACDONALD MAY BE FORCED TO ADOPT STRONGER STIMULATIVE MEASURES.

9. NOTWITHSTANDING BROADBENT'S DENIAL THAT RECENT PUBLIC  
CRITICISM BY UAW V.P. MCDERMOTT WAS RELATED TO HIS CALL FOR  
DEBATE ON ENDING CONTROLS, THE STRAINED RELATIONS BETWEEN NDP  
AND CLC WERE UNDOUBTEDLY A MAJOR FACTOR IN PARTY'S DECISION TO  
PROVE ITS VALUE AS PARLIAMENTARY SPOKESMAN FOR ORGANIZED LABOR.

ENDERS

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## Message Attributes

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